

AMENDED IN SENATE MAY 25, 2012

AMENDED IN SENATE MAY 1, 2012

AMENDED IN SENATE APRIL 16, 2012

AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1207

Introduced by Senator Fuller

February 22, 2012

An act to amend Section 739.1 of the Public Utilities Code, relating to public utility rates.

LEGISLATIVE COUNSEL'S DIGEST

SB 1207, as amended, Fuller. California Alternate Rates for Energy program.

Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations and gas corporations, as defined. Existing law authorizes the commission to fix the rates and charges for every public utility, and requires that those rates and charges be just and reasonable. The Public Utilities Act requires the commission, in establishing residential electric and gas rates, to ensure that the rates are sufficient to enable the electrical or gas corporation to recover a just and reasonable amount of revenue from residential customers as a class, while observing the principle that electricity and gas services are necessities, for which a low affordable rate is desirable while observing that conservation is desirable. The act requires the commission to establish a program of assistance to low-income electric and gas customers, referred to as the California Alternate Rates for Energy or CARE program.

This bill would authorize an electrical or gas corporation to require proof of income eligibility for those CARE program participants whose electricity or gas usage exceeds 400% of baseline usage. The bill would authorize an electrical or gas corporation to require a CARE program participant whose electricity or gas usage exceeds 400% of baseline usage to participate in an energy savings assistance program that includes a residential energy audit and would authorize an electrical or gas corporation to condition continued participation in an energy savings assistance program if a CARE program participant's electricity or gas usage exceeds 400% of baseline usage. The bill would require an electrical or gas corporation to require a CARE program participant whose electricity or gas usage exceeds 600% of baseline usage to participate in an energy savings assistance program that includes a residential energy audit and would make participation in an energy savings assistance program mandatory if a CARE program participant's electricity or gas usage exceeds 600% of baseline usage. The bill would authorize an electrical or gas corporation to remove a CARE program participant from the program if, after the completion of a residential energy audit, the program participant's monthly electricity or gas usage exceeds 600% of baseline usage, as specified.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 739.1 of the Public Utilities Code is
2 amended to read:
3 739.1. (a) As used in this section, the following terms have
4 the following meanings:
5 (1) "Baseline quantity" has the same meaning as defined in
6 Section 739.
7 (2) "California Solar Initiative" means the program providing
8 ratepayer funded incentives for eligible solar energy systems
9 adopted by the commission in Decision 05-12-044 and Decision
10 06-01-024, as modified by Article 1 (commencing with Section
11 2851) of Chapter 9 of Part 2 and Chapter 8.8 (commencing with
12 Section 25780) of Division 15 of the Public Resources Code.
13 (3) "CalWORKs program" means the program established
14 pursuant to the California Work Opportunity and Responsibility

1 to Kids Act (Chapter 2 (commencing with Section 11200) of Part
2 3 of Division 9 of the Welfare and Institutions Code).

3 (4) “Public goods charge” means the nonbypassable separate
4 rate component imposed pursuant to Article 7 (commencing with
5 Section 381) of Chapter 2.3 and the nonbypassable system benefits
6 charge imposed pursuant to the Reliable Electric Service
7 Investments Act (Article 15 (commencing with Section 399) of
8 Chapter 2.3).

9 (b) (1) The commission shall establish a program of assistance
10 to low-income electric and gas customers with annual household
11 incomes that are no greater than 200 percent of the federal poverty
12 guideline levels, the cost of which shall not be borne solely by any
13 single class of customer. The program shall be referred to as the
14 California Alternate Rates for Energy or CARE program. The
15 commission shall ensure that the level of discount for low-income
16 electric and gas customers correctly reflects the level of need.

17 (2) The commission may, subject to the limitation in paragraph
18 (4), increase the rates in effect for CARE program participants for
19 electricity usage up to 130 percent of baseline quantities by the
20 annual percentage increase in benefits under the CalWORKs
21 program as authorized by the Legislature for the fiscal year in
22 which the rate increase would take effect, but not to exceed 3
23 percent per year.

24 (3) Beginning January 1, 2019, the commission may, subject
25 to the limitation in paragraph (4), establish rates for CARE program
26 participants pursuant to this section and Sections 739 and 739.9,
27 subject to both of the following:

28 (A) The requirements of subdivision (b) of Section 382 that the
29 commission ensure that low-income ratepayers are not jeopardized
30 or overburdened by monthly energy expenditures.

31 (B) The requirement that the level of the discount for
32 low-income electricity and gas ratepayers correctly reflects the
33 level of need as determined by the needs assessment conducted
34 pursuant to subdivision (d) of Section 382.

35 (4) Tier 1, tier 2, and tier 3 CARE rates shall not exceed 80
36 percent of the corresponding tier 1, tier 2, and tier 3 rates charged
37 to residential customers not participating in the CARE program,
38 excluding any Department of Water Resources bond charge
39 imposed pursuant to Division 27 (commencing with Section 80000)
40 of the Water Code, the CARE surcharge portion of the public

1 goods charge, any charge imposed pursuant to the California Solar
2 Initiative, and any charge imposed to fund any other program that
3 exempts CARE participants from paying the charge.

4 (5) Rates charged to CARE program participants shall not have
5 more than three tiers. An electrical corporation that does not have
6 a tier 3 CARE rate may introduce a tier 3 CARE rate that, in order
7 to moderate the impact on program participants whose usage
8 exceeds 130 percent of baseline quantities, shall be phased in to
9 80 percent of the corresponding rates charged to residential
10 customers not participating in the CARE program, excluding any
11 Department of Water Resources bond charge imposed pursuant to
12 Division 27 (commencing with Section 80000) of the Water Code,
13 the CARE surcharge portion of the public goods charge, any charge
14 imposed pursuant to the California Solar Initiative, and any other
15 charge imposed to fund a program that exempts CARE participants
16 from paying the charge. For an electrical corporation that does not
17 have a tier 3 CARE rate that introduces a tier 3 CARE rate, the
18 initial rate shall be no more than 150 percent of the CARE baseline
19 rate. Any additional revenues collected by an electrical corporation
20 resulting from the adoption of a tier 3 CARE rate shall, until the
21 utility's next periodic general rate case review of cost allocation
22 and rate design, be credited to reduce rates of residential ratepayers
23 not participating in the CARE program with usage above 130
24 percent of baseline quantities.

25 (c) The commission shall work with electrical and gas
26 corporations to establish penetration goals. The commission shall
27 authorize recovery of all administrative costs associated with the
28 implementation of the CARE program that the commission
29 determines to be reasonable, through a balancing account
30 mechanism. Administrative costs shall include, but are not limited
31 to, outreach, marketing, regulatory compliance, certification and
32 verification, billing, measurement and evaluation, and capital
33 improvements and upgrades to communications and processing
34 equipment.

35 (d) The commission shall examine methods to improve CARE
36 enrollment and participation. This examination shall include, but
37 need not be limited to, comparing information from CARE and
38 the Universal Lifeline Telephone Service (ULTS) to determine
39 the most effective means of utilizing that information to increase
40 CARE enrollment, automatic enrollment of ULTS customers who

are eligible for the CARE program, customer privacy issues, and alternative mechanisms for outreach to potential enrollees. The commission shall ensure that a customer consents prior to enrollment. The commission shall consult with interested parties, including ULTS providers, to develop the best methods of informing ULTS customers about other available low-income programs, as well as the best mechanism for telephone providers to recover reasonable costs incurred pursuant to this section.

(e) (1) The commission shall improve the CARE application process by cooperating with other entities and representatives of California government, including the California Health and Human Services Agency and the Secretary of California Health and Human Services, to ensure that all gas and electric customers eligible for public assistance programs in California that reside within the service territory of an electrical corporation or gas corporation, are enrolled in the CARE program. To the extent practicable, the commission shall develop a CARE application process using the existing ULTS application process as a model. The commission shall work with public utility electrical and gas corporations and the Low-Income Oversight Board established in Section 382.1 to meet the low-income objectives in this section.

(2) The commission shall ensure that an electrical corporation or gas corporation with a commission-approved program to provide discounts based upon economic need in addition to the CARE program, including a Family Electric Rate Assistance program, utilize a single application form, to enable an applicant to alternatively apply for any assistance program for which the applicant may be eligible. It is the intent of the Legislature to allow applicants under one program, that may not be eligible under that program, but that may be eligible under an alternative assistance program based upon economic need, to complete a single application for any commission-approved assistance program offered by the public utility.

(f) The commission's program of assistance to low-income electric and gas customers shall, as soon as practicable, include nonprofit group living facilities specified by the commission, if the commission finds that the residents in these facilities substantially meet the commission's low-income eligibility requirements and there is a feasible process for certifying that the assistance shall be used for the direct benefit, such as improved

1 quality of care or improved food service, of the low-income
2 residents in the facilities. The commission shall authorize utilities
3 to offer discounts to eligible facilities licensed or permitted by
4 appropriate state or local agencies, and to facilities, including
5 women's shelters, hospices, and homeless shelters, that may not
6 have a license or permit but provide other proof satisfactory to the
7 utility that they are eligible to participate in the program.

8 (g) It is the intent of the Legislature that the commission ensure
9 CARE program participants are afforded the lowest possible
10 electric and gas rates and, to the extent possible, are exempt from
11 additional surcharges attributable to the energy crisis of 2000–01.

12 (h) (1) In addition to ~~random~~ *existing* audits of eligibility, an
13 electrical or gas corporation may require proof of income eligibility
14 for those CARE program participants whose electricity or gas
15 usage, in any monthly or other billing period, exceeds 400 percent
16 of baseline usage. The authority of an electrical or gas corporation
17 to require proof of income eligibility is not limited by the means
18 by which the CARE program participant enrolled in the program,
19 including if the participant was automatically enrolled in the CARE
20 program because of participation in a governmental assistance
21 program. If a CARE program participant's electricity or gas usage
22 exceeds 400 percent of baseline usage, the electrical or gas
23 corporation may require the CARE program participant to
24 participate in an energy savings assistance program that includes
25 a residential energy audit, in order to provide the CARE program
26 participant with information and assistance in reducing his or her
27 energy usage. Continued participation in the CARE program may
28 be conditioned upon the CARE program participant agreeing to
29 participate in an energy savings assistance program within 45 days
30 of notice being given by the electrical or gas corporation pursuant
31 to this paragraph. The electrical or gas corporation may require
32 the CARE program participant to notify the utility of whether the
33 residence is rented, and if so, the identity of the landlord, and the
34 electrical or gas corporation may share any evaluation and
35 recommendation relative to the residential structure that is made
36 as part of an energy audit, with the landlord of the CARE program
37 participant. *Requirements imposed pursuant to this paragraph*
38 *shall be consistent with procedures adopted by the commission.*

39 (2) If a CARE program participant's electricity or gas usage
40 exceeds 600 percent of baseline usage, the electrical or gas

1 corporation shall require the CARE program participant to
2 participate in an energy savings assistance program that includes
3 a residential energy audit, in order to provide the CARE program
4 participant with information and assistance in reducing his or her
5 energy usage. Continued participation in the CARE program shall
6 be conditioned upon the CARE program participant agreeing to
7 participate in the energy savings assistance program within 45
8 days of a notice made by the electrical or gas corporation pursuant
9 to this paragraph. The electrical or gas corporation may require
10 the CARE program participant to notify the utility of whether the
11 residence is rented, and if so, the identity of the landlord, and the
12 electrical or gas corporation may share any evaluation and
13 recommendation relative to the residential structure that is made
14 as part of an energy audit, with the landlord of the CARE program
15 participant. Following the completion of the energy audit, if the
16 CARE program participant's electricity or gas usage continues to
17 exceed 600 percent of baseline usage, the electrical or gas
18 corporation may remove the CARE program participant from the
19 program if the removal is consistent with procedures adopted by
20 the commission.